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GROWTH IN NATURAL GAS DELIVERABILITY ANYTHING BUT CONVENTIONAL SAYS NEB REPORT

CALGARY — Canada is poised to deliver about one per cent more natural gas over the next three years, even as the amount produced from conventional sources begins to decrease, the National Energy Board (NEB) said in a report released today.

The report, *Short-term Canadian Natural Gas Deliverability 2006-2008*, says Canadian natural gas deliverability will rise from 484 million cubic metres per day (m^3/d) or 17.1 billion cubic feet (Bcf/d) in 2005 to 491 million m^3/d or 17.3 Bcf/d by 2008, an increase of approximately one per cent.

The flow of conventional natural gas from the maturing Western Canada Sedimentary Basin (WCSB) is expected to decrease from 463 million m^3/d in 2006 to 450 million m^3/d in 2008. This decrease will be more than offset by the growth of coalbed methane in Alberta. Deliverability from coalbed methane or unconventional gas found in coal deposits, is expected to more than triple from 8 million m^3/d in 2005 to 27 million m^3/d in 2008.

"With the growth in coalbed methane developments, Canada will continue to be a major supplier of natural gas," said National Energy Board Chairman Ken Vollman. "However, as the Western Canada Sedimentary Basin matures, strong drilling activity will be key to maintaining deliverability of conventional gas near our current levels."

Canada is the world's third largest producer of natural gas and 2005 net export revenue from gas sales exceeded $33 billion.

Fuelled by the addition of compression to offshore Nova Scotia and new pipeline access for onshore New Brunswick production, natural gas supplies from Atlantic Canada should rise slightly from an average of 10 million m^3/d in 2006 to 14 million m^3/d in 2007.

The report also identified several challenges facing the industry such as a red hot labour market, rising costs and storage facilities still brimming with gas after last year's mild winter. These factors helped keep natural gas prices volatile and could impact deliverability.

The NEB is an independent federal agency that regulates several aspects of Canada's energy industry. Its purpose is to promote safety and security, environmental protection, and efficient energy infrastructure and markets in the Canadian public interest, within the mandate set by

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Canada

Parliament in the regulation of pipelines, energy development and trade. As part of its mandate the NEB monitors the supply of all energy commodities in Canada and publishes reports on energy, called Energy Market Assessments.

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This news release and the Energy Market Assessment *Short-term Canadian Natural Gas Deliverability 2006-2008* are available on the Board's Internet site at www.neb-one.gc.ca under *What's New*!

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For a copy of *Short-term Canadian Natural Gas Deliverability 2006-2008*:

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